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**Claiborne Parish Police Jury  
Homer, Louisiana  
Primary Government Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended  
December 31, 2004  
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9-14-05

**Claiborne Parish Police Jury**  
**Homer, Louisiana**  
**Primary Government Financial Statements**  
**With Independent Auditor's Report**  
**As of and for the Year Ended**  
**December 31, 2004**  
**With Supplemental Information Schedules**

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Homer, Louisiana  
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**Required Supplemental Information (Part I)**  
**Management's Discussion and Analysis**

**Claiborne Parish Police Jury  
Homer, Louisiana**

**Management's Discussion and Analysis  
December 31, 2004**

As management of the Claiborne Parish Police Jury, we offer readers of the Claiborne Parish Police Jury's financial statements this narrative overview and analysis of the financial activities of the Claiborne Parish Police Jury for the year ended December 31, 2004. We encourage readers to consider the information presented here, in conjunction with the basic financial statements, and the supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

***Overview of the Financial Statements***

This discussion and analysis are intended to serve as an introduction to the Claiborne Parish Police Jury's basic financial statements. The Claiborne Parish Police Jury's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

***Government-wide Financial Statements*** The government-wide financial statements are designed to provide readers with a broad overview of the Claiborne Parish Police Jury's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Claiborne Parish Police Jury's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Claiborne Parish Police Jury is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused annual leave).

***Fund Financial Statements.*** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Claiborne Parish Police Jury, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Claiborne Parish Police Jury are included in one category – governmental funds.

***Governmental Funds.*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental

funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Claiborne Parish Police Jury maintains fifteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Parish Road Fund, Library Maintenance Fund, Sales Tax Fund,, and Criminal Court Fund, which all are considered major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules in the *Other Supplemental Schedules* section of the report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other supplemental information concerning the Claiborne Parish Police Jury. The combining schedules referred to earlier in connection with non-major governmental funds are presented immediately following the required supplemental information section.

**Government-Wide Financial Analysis** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the fiscal year, assets of the Claiborne Parish Police Jury exceeded liabilities by \$3,877,653. The largest portion of the Claiborne Parish Police Jury's net assets reflects its investment in capital assets. These assets are not available for future spending. Although the investment in capital assets is reported net of any related debt, the resources needed to repay this debt must be provided from other sources.

**Financial Analysis of the Government's Funds** Claiborne Parish Police Jury uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term revenue, expenditures, and balances of expendable resources. This information is used in assessing the financing requirements of the police jury. Unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2004, combined governmental fund balances of \$3,877,653 showed an increase of \$30,288 over December 31, 2003. The General Fund's balance of \$1,059,867 is higher than the 2003 balance of \$990,589. This reflects a decreased appropriation to the Parish Road Fund by \$400,000 in an effort to keep current year expenditures equivalent to current year revenues. The Parish Road Fund's balance of \$541,410 is higher than the 2003 balance of \$533,133. This reflects a planned decrease in the fund's expenditures through temporarily eliminating a black topping program, thus lowering material expenses, fuel costs, and the need for extra workers during the summer season. Further reductions were anticipated through a freeze on salaries and a reduction in force through attrition. The Library Maintenance Fund's balance of \$1,072,315 is higher than the 2003 balance of \$1,069,232 in large part due to an increase of over \$10,000 and the receipt of a grant which had not been received in 2003. Although there were increases in expenditures, these increases in revenue helped make up for the \$39,400 deficit in 2003, allowing for the \$3,083 surplus in 2004. The Sales Tax Fund's balance of \$255,924 is higher than the 2003 balance of \$192,298. Although expenditures of the fund increased by \$39,753 during the year, sales tax revenues increased by \$131,744. The Criminal Court Fund ended 2004 with a zero fund balance, as opposed to \$22,563 for 2003. While there was an increase of \$44,587 in fines and forfeitures revenue, it was offset by an increase of \$98,011 in district court expenses.

## **Budgetary Highlights**

The Claiborne Parish Police Jury adopts annual appropriated budgets for the General Fund and all special revenue funds, excluding the Criminal Court Fund and the Office of Community Service. Budgetary comparison schedules are provided in the *Required Supplemental Information (Part II)* for the major funds to demonstrate compliance with those budgets.

While actual revenues and expenditures did vary during the year from the original budgeted amounts in several funds, the budgets were amended to reflect this and the amendments were formally adopted by the police jury only once.

**General Fund.** An amendment of \$247,623 was made to more accurately reflect the beginning fund balance. A corresponding expenditure item was made to contingency (miscellaneous).

**Parish Road Fund.** An amendment of \$133,271 was made to more accurately reflect the beginning fund balance. A corresponding expenditure item was made to contingency (miscellaneous).

**Library Maintenance Fund.** An amendment of \$267,282 was made to more accurately reflect the beginning fund balance. A corresponding expenditure item was made to contingency (miscellaneous).

**Sales Tax Fund.** An amendment of \$48,069 was made to more accurately reflect the beginning fund balance. A corresponding expenditure item was made to contingency (miscellaneous).

Though additional amendments may have been necessary, none were made because computer problems prohibited us from obtaining accurate budgetary comparison statements from the accounting system for most of the year.

## **Capital Asset and Debt Administration**

**Capital Assets.** The Claiborne Parish Police Jury's investment in capital assets for its governmental activities as of December 31, 2004, amounts to \$1,789,597 (net of accumulated depreciation). This investment includes land and improvements, buildings and improvements, public works equipment and heavy equipment, vehicles, and furniture and equipment. The increase in capital assets for the year was \$132,732. Reductions in capital assets for the year ended December 31, 2004 were \$57,342. Capital Outlay of \$132,732 was reflected in the Office of Community Services: \$67,202 for vehicles and \$13,874 in office furniture and equipment; and in the Library: \$24,675 for furniture and equipment and \$26,981 for books and videos.

**Long-Term Debt.** At the end of the year, the Claiborne Parish Police Jury had long-term debt of \$248,209 which consisted of accrued and unused employee leave and capital leases on public works equipment. This represents a decrease of \$78,305, over the previous year and is due to payments on leases.

## **Economic Factors and Next Year's Budgets**

The police jury's financial plan for the upcoming year is well underway since the adoption of a budget made intentionally conservative due to various problems still not resolved at the time the budget needed to be prepared. Though the parish needed additional appropriations than were made, especially regarding improving roads and granting salary increases to the staff, we believe the budget meets the basic needs of the parish while working toward the long-term financial stability of the parish. The plan includes a continuation of reduction in earlier years' spending in the Road Fund through temporary elimination of the black topping program thus

lowering material expenses, fuel costs, and the need for extra workers during the summer season. The 2005 budget continues to reflect a freeze on salaries and a reduction in force through attrition. Increases were made to the 2005 budget to more realistically reflect expenditures by adding 10% to the 2004 actual expenditures in the Parish Road Fund.

The 2005 budget also anticipates a continuation of the increased level in sales tax receipts which we experienced in 2004.

### **Requests for Information**

This financial report is designed to be a summary of the Claiborne Parish Police Jury's finances. If there are any questions regarding any information, a request can be made in writing to the Claiborne Parish Police Jury, at P O Box 270, Homer, Louisiana 71040. Our telephone number is (318) 927-2222.



## Independent Auditor's Report

MEMBER AMERICAN  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC  
ACCOUNTANTS

PRACTICE LIMITED TO  
GOVERNMENTAL  
ACCOUNTING, AUDITING  
AND FINANCIAL REPORTING

Claiborne Parish Police Jury  
Homer, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Claiborne Parish Police Jury as of and for the year ended December 31, 2004, which collectively comprise the basic financial statements of the parish's primary government as listed in the table of contents. These financial statements are the responsibility of Claiborne Parish Police Jury's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The financial statements referred to above include only the primary government of Claiborne Parish which consist of all funds, organizations, institutions, agencies, departments, and offices that comprise the police jury's legal entity. The financial statements do not include financial data of the police jury's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the parish's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Claiborne Parish as of December 31, 2004, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, major funds, and the aggregate remaining fund information for the primary government of Claiborne Parish as of December 31, 2004, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Claiborne Parish Police Jury  
Homer, Louisiana  
Independent Auditor's Report,  
December 31, 2004

As discussed in Note 1, the police jury has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of December 31, 2004.

Management's discussion and analysis on pages 4 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Claiborne Parish Police Jury's basic financial statements. The other supplementary information schedules on pages 38 through 48 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Those schedules, and the budgetary comparison schedules on pages 34 through 36 which are supplementary information required by the Governmental Accounting Standards Board, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are presented fairly in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued a report dated August 26, 2005, on the Claiborne Parish Police Jury's compliance with certain provisions of laws, regulations, contracts, and grants and my consideration of the agency's internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.



Columbia, Louisiana  
August 26, 2005

## **Basic Financial Statements**

Claiborne Parish Police Jury  
Homer, Louisiana  
Governmental Activities  
Statement of Net Assets  
December 31, 2004

**Statement A**

<b>Assets</b>	
Cash and equivalents	\$1,806,343
Investments	690,842
Receivables	1,773,718
Deferred charges	19,125
Capital assets (net)	<u>1,789,597</u>
<b>Total Assets</b>	<b><u>\$6,079,625</u></b>
<b>Liabilities</b>	
Accounts payable	\$370,560
Salaries and related payable	15,658
Contracts payable	
Due to other agencies	
Taxes under protest	22,255
Accrued interest on capital leases	3,902
Compensated absences	25,119
Capital leases due within one year	60,858
Capital leases due in more than one year	<u>162,232</u>
<b>Total Liabilities</b>	<b><u>\$660,584</u></b>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	\$1,566,507
Unrestricted	<u>3,852,534</u>
<b>Total Net Assets</b>	<b><u>\$5,419,041</u></b>

See accompanying notes to basic financial statements.

**Statement B**

Claiborne Parish Police Jury  
Homer, Louisiana  
Statement of Activities  
For the Year Ended December 31, 2004

Functions - Governmental Activities:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$1,620,266	\$571,034			(\$1,049,232)
Public safety	250,123		121,275		(128,848)
Public works	2,157,170		242,227	4,319	(1,910,624)
Health and welfare	838,981	97,370	577,774	53,762	(110,075)
Culture and recreation	598,762	9,698	24,590		(564,474)
Economic development and assistance	29,433				(29,433)
Interest expense	17,599				(17,599)
Total governmental activities	<u>\$5,512,334</u>	<u>\$678,102</u>	<u>\$965,866</u>	<u>\$58,081</u>	<u>(3,810,285)</u>
General revenues:					
Property taxes levies for:					
General purposes					638,421
Public works					480,514
Health and welfare					
Culture and recreation					427,520
Sales & use taxes levied for Public works					573,718
Other taxes, penalties, and interest					13,126
Grants and contributions not restricted to specific programs					1,374,173
Licenses and permits					41,432
Unrestricted investment earnings					43,720
Unrestricted investment earnings					
Other					13,311
Total general revenues					<u>3,605,935</u>
Change in net assets					(204,350)
Net assets at beginning of year					<u>5,623,391</u>
Net assets at end of year					<u>\$5,419,041</u>

See accompanying notes to basic financial statements.

## Statement C

Claiborne Parish Police Jury  
Homer, Louisiana  
Governmental Funds  
Balance Sheet  
December 31, 2004

	General	Parish Road	Library Maintenance	Sales Tax	Criminal Court	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and equivalents	\$356,818	\$105,458	\$616,140	\$183,167	\$70,971	\$473,789	\$1,806,343
Investments	266,715	9,513	88,464	168,815		157,335	690,842
Receivables	457,912	492,766	404,466		37,244	381,330	1,773,718
Due from other funds	85,419	442	3,286			26,822	115,969
Deferred charges						19,125	19,125
Total Assets	<u>\$1,166,864</u>	<u>\$608,179</u>	<u>\$1,112,356</u>	<u>\$351,982</u>	<u>\$108,215</u>	<u>\$1,058,401</u>	<u>\$4,405,997</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$98,833	\$30,707	\$21,694	\$49,357	\$108,215	\$61,754	\$370,560
Salaries and withholdings payable						15,658	15,658
Due to other funds	3,728	29,135	12,178	46,701		24,227	115,969
Accrued interest on capital leases						3,902	3,902
Taxes paid under protest	4,436	6,927	6,169			4,723	22,255
Total Liabilities	<u>106,997</u>	<u>66,769</u>	<u>40,041</u>	<u>96,058</u>	<u>108,215</u>	<u>110,264</u>	<u>528,344</u>
Fund balances - unreserved - undesignated	<u>1,059,867</u>	<u>541,410</u>	<u>1,072,315</u>	<u>255,924</u>	<u>NONE</u>	<u>948,137</u>	<u>3,877,653</u>
Total Liabilities and Fund Balances	<u>\$1,166,864</u>	<u>\$608,179</u>	<u>\$1,112,356</u>	<u>\$351,982</u>	<u>\$108,215</u>	<u>\$1,058,401</u>	<u>\$4,405,997</u>

See accompanying notes to basic financial statements.

Claiborne Parish Police Jury  
Homer, Louisiana  
Reconciliation of Governmental Funds Balance Sheet to  
Statement of Net Assets  
December 31, 2004

Total fund balance - governmental funds	\$3,877,653
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources	1,789,597
Some liabilities, such as compensated absences and capital leases payable are not due and payable in the current period and are therefore not reported in the funds	<u>(248,209)</u>
Net assets of governmental activities	<u><u>\$5,419,041</u></u>

See accompanying notes to basic financial statements.

Claiborne Parish Police Jury  
Homer, Louisiana  
Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended December 31, 2004

	General Fund	Parish Road	Library Maintenance	Sales Tax	Criminal Court	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes:							
Ad valorem	\$297,873	\$480,514	\$427,520			\$340,548	\$1,546,455
Sales and use				\$573,718			573,718
Other taxes, penalties, and interest	10,007						10,007
Licenses and permits	44,551						44,551
Intergovernmental revenues:							
Federal funds	69,870						
State funds:						693,958	763,828
Severance taxes	1,201,283						1,201,283
State revenue sharing	21,667	37,659	18,094			25,600	103,020
Parish transportation		162,500					162,500
Fire insurance rebate	44,622						44,622
Rural development grants	78,646						78,646
Other	13,000	1,081	24,590				38,671
Local funds						5,550	5,550
Fees, charges, and commissions for services	6,447		4,849			93,393	104,689
Fines and forfeitures			7,068		\$534,961	17,458	559,487
Use of money and property	20,018	2,625	11,856	3,753	492	18,902	57,646
Other revenues	6,115	3,355	291		235	3,315	13,311
Total revenues	1,814,099	687,734	494,268	577,471	535,688	1,198,724	5,307,984
<b>Expenditures</b>							
Current:							
General government:							
Legislative	83,589						83,589
Judicial	141,408				558,251	13,114	712,773
Elections	6,754						6,754
Finance and administrative	439,635						439,635



Other general government	116,413				264,810	381,223
Public safety	150,661				86,962	237,623
Public works	277,585	1,079,458		513,845	74,098	1,944,986
Health and welfare	86,743				705,989	792,732
Culture and recreation			439,529			439,529
Economic development and assistance	29,433					29,433
Debt service					99,642	99,642
Capital outlay					81,076	132,732
Total expenditures	<u>1,332,221</u>	<u>1,079,458</u>	<u>51,656</u>	<u>513,845</u>	<u>1,325,691</u>	<u>5,300,651</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>481,878</b>	<b>(391,724)</b>	<b>3,083</b>	<b>63,626</b>	<b>(126,967)</b>	<b>7,333</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds from insurance recovery					13,177	13,177
Operating transfers in		400,000			12,600	412,600
Operating transfers out	<u>(412,600)</u>					<u>(412,600)</u>
Total other financing sources (uses)	<u>(412,600)</u>	<u>400,000</u>	<u>NONE</u>	<u>NONE</u>	<u>25,777</u>	<u>13,177</u>
<b>Net Change in Fund Balances</b>	<b>69,278</b>	<b>8,276</b>	<b>3,083</b>	<b>63,626</b>	<b>(101,190)</b>	<b>20,510</b>
<b>Fund Balances - Beginning</b>	<b>990,589</b>	<b>533,134</b>	<b>1,069,232</b>	<b>192,298</b>	<b>1,049,327</b>	<b>3,857,143</b>
<b>Fund Balances - Ending</b>	<u><u>\$1,059,867</u></u>	<u><u>\$541,410</u></u>	<u><u>\$1,072,315</u></u>	<u><u>\$255,924</u></u>	<u><u>\$948,137</u></u>	<u><u>\$3,877,653</u></u>

See accompanying notes to basic financial statements.

## Statement D

Claiborne Parish Police Jury  
Homer, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances to the Statement of Activities  
For the Year Ended December 31, 2004

Net change in fund balances - total governmental funds	\$20,510
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$435,897) exceeded capital outlays (\$132,732) in the current period.	(303,165)
Governmental funds report the retirement of long-term debt as an expenditure. However, in the government-wide financial statements, that amount representing principal on long term debt is not treated as an expense but is instead applied against outstanding long-term debt on the Statement of Net Assets.	82,043
Some items reported in the statement of activities, such as a net decrease or increase in compensated absences, do not require the use of current financial resources, nor do they provide any, and therefore are not reported as expenditures or revenues in the governmental funds.	<u>(3,738)</u>
Change in net assets of governmental activities	<u><u>(\$204,350)</u></u>

See accompanying notes to basic financial statements.

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*Notes to the Financial Statements*

**Claiborne Parish Police Jury  
Homer, Louisiana**

**Notes to the Financial Statements  
As of and for the Year Ended December 31, 2004**

**Introduction**

Claiborne Parish Police Jury is the parish governing authority governed by an elected board referred to as the "police jury." (similar to county boards in other states) and is a political subdivision of the State of Louisiana. The police jury is governed by nine police jurors representing the various districts within the parish. The jurors are elected by the voters of their respective districts and serve four-year terms. The current terms of jurors expire in January 2008. Jurors receive compensation for their service on the police jury as provided by Louisiana Revised Statute 33:1233.

Claiborne Parish, established by act of the Louisiana Legislature in 1828, is located in the northwest part of the state and occupies 755 square miles of land with a population of 16,851 residents, based on the last census. State law gives the police jury various powers and functions in regulating and directing the affairs of the parish and its inhabitants. The more notable of those are the power to make regulations for their own government, the construction and maintenance of roads and bridges, drainage systems, sewerage, solid waste disposal, fire protection, recreation and parks, parish prison construction and maintenance, road lighting and marking, water works, health units, hospitals, provide for the health and welfare of the poor, disadvantaged, and unemployed, economic development, tourism and regulate the sale of alcoholic beverages in the parish. The police jury also houses and maintains the Courts and the offices of the Assessor, Clerk of Court, Registrar of Voters, District Attorney and the Sheriff. Funding to accomplish these tasks is provided by ad valorem taxes, sales taxes, beer and alcoholic beverage permits, parish licenses, state revenue sharing, severance taxes and various other state and federal grants.

In accomplishing its objectives the police jury has 55 full and part time employees (2 in the central office, 11 in the office of community service, 1 in the 911 office, 14 in the library, 2 in emergency preparedness, and 25 in public works) In addition to maintaining drainage and bridges in the parish, the police jury currently maintains 719 miles of parish roads, 560 miles of asphalt and 159 miles of gravel.

The police jury also has the authority to create special districts (component units) within the parish to help in fulfilling its functions. The districts perform specialized functions, such as fire protection, water distribution, sewerage collection and disposal, drainage control, library facilities, and health care facilities.

In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and analysis for State and Local Governments* . Certain of the significant changes in the statements include the following:

- For the first time the financial statements include:
  - A Management Discussion and Analysis (MD&A) providing an analysis of the police jury's overall financial position and results of operations.
  - Financial statements prepared using full accrual accounting for all of the police jury's activities.

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Notes to the Financial Statements (Continued)

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements). The police jury has elected to implement the general provisions of the Statement in the current year, including the reporting of infrastructure roads and bridges.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the jury is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the police jury may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. In accordance with GASB Statement 14, the reporting entity for Claiborne Parish consist of the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 established criteria for determining which component units should be considered part of Claiborne Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the police jury has determined that the following component units are part of the Claiborne Parish reporting entity:

Component Units:	Fiscal Year End	Criteria Used
Claiborne Parish:		
Economic Development Board	December 31	1 & 3
Library	December 31	1 & 3

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Notes to the Financial Statements (Continued)

Component Units:	Fiscal Year End	Criteria Used
911 Emergency Communications District	June 30	1 & 3
Tourist Commission	December 31	1 & 3
Watershed District	December 31	1 & 3
Tax Assessor	December 31	2 & 3
Clerk of Court	June 30	2 & 3
Sheriff	June 30	2 & 3
Second Judicial District Criminal Court	December 31	3
North Claiborne Hospital Service District No. 1	June 30	1 & 3
Wards 2 and 3 Recreation Districts	June 30	1 & 3
Lisbon Fire Protection District No. 6	December 31	1 & 3
South Claiborne Fire Protection District No. 5	December 31	1 & 3
Claiborne Parish Fire Protection District No. 4	December 31	1 & 3
Evergreen Fire Protection District	December 31	1 & 3
Claiborne Parish Fire Protection District No. 3	December 31	1 & 3
Pinehill Water System	December 31	1 & 3

Considered in the determination of component units of the reporting entity was the Claiborne Parish School Board, the District Attorney for the Second Judicial District, the Second Judicial District Court and the various municipalities in the parish. It was determined that these governmental entities are not component units of Claiborne Parish reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of Claiborne Parish Police Jury.

GASB Statement 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (police jury's) financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units.

The police jury has chosen to issue financial statements of the primary government (police jury) only; therefore, none of the previously listed component units, except as discussed in the following paragraph, are included in the accompanying primary government financial statements. These financial statements are not intended to and do not report on the Claiborne Parish reporting entity but rather are intended to reflect only the financial statements of the primary government (police jury).

The primary government financial statements include all funds, account groups, and organizations for which the police jury maintains the accounting records. The organizations for which the police jury maintains the accounting records are considered part of the primary government (police jury) and include the Claiborne Parish Library and the Third Judicial District Criminal Court.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and, where applicable, proprietary and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and, where applicable, major individual enterprise funds are reported as separate columns in the fund financial statements.

### **B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary and fiduciary fund financial statements, where applicable. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Ad valorem taxes, state revenue sharing, and federal and state grants are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other

Claiborne Parish Police Jury  
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Notes to the Financial Statements (Continued)

revenue items are considered to be measurable and available only when cash is received by the police jury.

The police jury's current year financial statements include the following major governmental funds:

The General Fund is the police jury's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Parish Road Fund accounts for the maintenance of parish highways, roads, bridges, and drainage systems. Financing is provided by the State of Louisiana Parish Transportation Fund, a specific Parish wide ad valorem tax, state revenue sharing funds, and operating transfers from the General Fund.

The Library Maintenance Fund is funded by ad valorem taxes and state revenue sharing funds and is used for the general operations of the parish library system. The library was established by the parish governing authority under the provisions of Louisiana Revised Statute 25:211 to provide citizens of the parish access to library materials, books, magazines, reports, and films. The library is governed by a board of control, which is appointed by the parish police jury in accordance with the provisions of Louisiana Revised Statute 25:214. The members of the board of control serve without pay.

The Sales Tax Fund is funded by a one per cent sales and use tax collected throughout the parish which expires July 17, 2006. The fund is used to construct, maintain, and operate facilities for the collection and disposal of solid waste. Any surplus remaining in the fund can be used for the purchase of materials for surfacing and maintaining roads within the parish.

The Criminal Court Fund accounts for Claiborne, Bienville, and Jackson Parishes' fines and forfeitures imposed by the Second Judicial District Court, as provided by Louisiana Revised Statute 15:571.11(c)(3). Expenditures are made from the fund on motion of the district attorney and approval of the district judges. The statute further provides that one-half of the surplus remaining in the fund at December 31 of each year be transferred to the general funds of the parishes of the district in the same proportion as the revenues in the single account or fund were produced from the parishes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The police jury has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.



Claiborne Parish Police Jury  
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Notes to the Financial Statements (Continued)

When both restricted and unrestricted resources are available for use, it is the police jury's policy to use restricted resources first, then unrestricted resources as they are needed.

**C. Deposits and Investments**

The police jury's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law allows the police jury to invest in collateralized certificates of deposits, government backed securities, commercial paper, the Louisiana Asset Management Pool (a state sponsored investment pool), and mutual funds consisting solely of government backed securities. Currently, all investments of the police jury consist of short term certificates of deposit with local banks and investments in the Louisiana Asset Management Pool. Investments for the police jury are reported at fair value.

**D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources

All property tax receivables are shown net of an allowance for uncollectibles. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15<sup>th</sup>. Ad valorem taxes become delinquent if not paid by December 31<sup>st</sup>. The taxes are normally collected in December of the current year and January and February of the ensuing year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration</u>
Parishwide taxes:			
General alimony:			
Outside municipalities	4.35	4.54	Indefinite
Inside municipalities	2.17	2.27	Indefinite
Building maintenance	2.48	2.61	2014
Library maintenance	5.44	5.89	2015
Roads	7.00	6.62	2007
Equipment	2.00	1.89	2007

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Notes to the Financial Statements (Continued)

The difference between authorized and levied millage is the result of reassessments of taxable property within the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974. The following are the principal taxpayers for the parish and their 2004 assessed valuation (amounts expressed in thousands):

	2004 Assessed Valuation	Percent of Total Assessed Valuation
Texas Gas Transmission Corporation	\$4,554	4.97%
Marathon Oil Company	3,599	3.92%
Ludlow Corporation	3,509	3.83%
Duke Energy Field Services, Inc.	2,703	2.95%
XTO Energy	2,663	2.90%
Hunt Oil Company	1,938	2.11%
Claiborne Electric Co-op., Inc.	1,864	2.03%
Entergy Corporation	1,704	1.86%
Centerpoint Energy Gas Transmission	1,538	1.68%
Bellsouth Telecommunication	1,442	1.57%
Total	<u>\$17,361</u>	<u>18.93%</u>

*Sales Taxes* On July 20, 1996, voters of the parish approved a one per cent sales tax for the collection and disposal of solid waste and maintenance and acquisition of necessary land, facilities and equipment related thereto and for materials for surfacing and maintaining roads within the parish. The tax is for a period of ten years and will expire on July 19, 2006. By an agreement between the police jury and the Claiborne Parish School Board, the school board serves as the collection agent for the sales tax. The school board receives three per cent of all taxes collected in return for its services as the police jury's collection agent.

#### E. Capital Assets

Capital assets, which include property, plant, equipment, etc. are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The police jury maintains a threshold level of \$5,000 or more for capitalizing assets.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend their useful lives are not capitalized.

All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	Estimated Lives
Land improvements	20 - 30 Years

Claiborne Parish Police Jury  
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Notes to the Financial Statements (Continued)

Buildings and improvements	10 - 40	Years
Public works equipment	5 - 15	Years
Vehicles	5 - 10	Years
Office furniture and equipment	5 - 10	Years
Library books	5	Years

The financial statements do not include infrastructure roads and bridges. Although the police jury is not required to provide disclosure on infrastructure assets acquired in the past it will include disclosures in its financial statements for the year 2005 and forward.

**F. Compensated Absences**

The following policies relating to vacation and sick leave are currently in effect:

Employees of the Claiborne Parish Police Jury earn from 5 to 11 days of vacation leave each year depending on length of service. All employees earn 10 days of sick leave each year. Employees may accumulate and carry forward a maximum of 26 days (208 hours) of vacation leave. Upon retirement or separation from employment, employees are paid for accrued and unused vacation leave at their then current rate of pay. Sick leave may be accumulated and carried forward without limitation. However, employees will not be paid for accumulated sick leave upon retirement or separation from employment.

Employees of the office of community service earn from 12 to 18 days of vacation leave each year, depending on length of service. Employees may accumulate and carry forward a maximum of 37½ days (300 hours). Upon retirement or termination of employment, employees are paid for accumulated and unused vacation leave at their then current rate of pay. Employees also earn sick leave of 12 to 18 days per year, depending on length of service. Employees can accumulate and carry forward a maximum of 30 days (240 hours). Employees are not paid for accumulated sick leave upon retirement or termination of employment.

Employees of the Claiborne Parish Library earn from 14 to 28 days of vacation leave each year, depending upon length of service with the library. Vacation leave does not accumulate. Employees earn 13 days of sick leave each year, which may be accumulated and carried forward without limitation. Employees are not compensated for accumulated sick leave upon termination of employment. However, upon retirement any accumulated sick leave may be credited toward service time for determining retirement benefits.

The entire compensated absence liability, determined in accordance with the provisions of GASB Codification Section C60, is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported in the governmental funds.

### **G. Long-Term Obligations**

In the government-wide financial statements long-term obligations, such as compensated absences and capital leases are reported as liabilities in the applicable governmental activities. In the fund financial statements, governmental fund types recognize long-term obligations only to the extent that they will be paid with current resources

### **H. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### **I. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the police jury, which are either unusual in nature or infrequent in occurrence.

### **J. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

## **2. Cash and Cash Equivalents**

Under state law, the police jury may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2004, the police jury has cash and cash equivalents (book balances) totaling \$1,806,343, as follows:

Demand deposits	\$1,609,224
Time deposits	\$196,719
Petty cash	400
Total	<u>\$1,806,343</u>

These deposits are stated at cost, which approximates market. The police jury does not have a formal deposit credit risk policy, however, under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial

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Notes to the Financial Statements (Continued)

bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 2004, are \$1,915,290. Custodial credit risk is the risk that in the event of a bank failure, the police jury's deposits may not be returned to it. As of December 31, 2004, \$418,184 of the police jury's deposits were secured by federal deposit insurance, leaving \$1,497,106 exposed to custodial credit risk. Those deposits were collateralized with \$4,001,467 in securities owned by the fiscal agent banks, and held by a third party bank in the fiscal agent bank's name.

Even though the deposits covered by pledged securities are subject to custodial credit risk, state law (LSA-R.S. 39:1229) imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the police jury that the fiscal agent bank has failed to pay deposited funds upon demand. Further, LSA-R.S. 39:1224 provides that securities held by a third party shall be deemed to be held in the police jury's name.

### 3. INVESTMENTS

Investments held at December 31, 2004 consist of \$690,842, in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at December 31, 2004 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA - R.S. 33:2955.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA - R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

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Homer, Louisiana  
Notes to the Financial Statements (Continued)

#### 4. RECEIVABLES

The receivables of \$1,773,718 at December 31, 2004, are as follows:

		Due From Other Governments		Fines and Forfeitures	Accounts and Other	Total
	Taxes	Federal	State			
General	\$277,895	\$64,019	\$101,682		\$14,316	\$457,912
Parish Road	440,777		51,888		101	492,766
Library Maintenance	392,171		12,295			404,466
Criminal Court				\$37,244		37,244
Other governmental	313,555	45,120	17,417	63	5,175	381,330
Total	<u>\$1,424,398</u>	<u>\$109,139</u>	<u>\$183,282</u>	<u>\$37,307</u>	<u>\$19,592</u>	<u>\$1,773,718</u>

#### 5. INTERFUND TRANSFERS AND BALANCES

During the year the General Fund made transfers of \$400,000 to the Parish Road Fund and \$12,600 to the Office of Emergency Preparedness and Homeland Security to help finance operations. Both funds receive annual appropriations from the General Fund.

The following schedule presents balances due to and from other funds at December 31, 2004. All balances are the result of the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	Due To				Total
	General	Parish Road	Library	Non-Major Funds	
General		\$442	\$3,286		\$3,728
Parish Road	\$25,248			\$3,887	29,135
Library	12,178				12,178
Sales Tax	46,701				46,701
Non-Major Funds	1,292			\$22,935	24,227
Total	<u>\$85,419</u>	<u>\$442</u>	<u>\$3,286</u>	<u>\$26,822</u>	<u>\$115,969</u>

#### 6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2004, is as follows:

Claiborne Parish Police Jury  
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Notes to the Financial Statements (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land:				
Police jury	\$22,300			\$22,300
Office of community service	30,000			30,000
Adjudicated property	15,360			15,360
Total capital assets not being depreciated	<u>\$67,660</u>	<u>NONE</u>	<u>NONE</u>	<u>\$67,660</u>
Capital assets being depreciated:				
Police jury:				
Land improvements	15,995			15,995
Buildings and improvements	1,726,357			1,726,357
Public works heavy equipment	2,275,310			2,275,310
Public works other equipment	55,576			55,576
Vehicles	137,679			137,679
Office furniture and equipment	4,500			4,500
Office of community service:				
Land improvements	7,800			7,800
Vehicles	263,171	67,202	(27,253)	303,120
Office furniture and equipment	84,173	13,874		98,047
Library:				
Building and improvements	676,770			676,770
Vehicle	49,901			49,901
Office furniture and equipment	86,282	24,675	(27,805)	83,152
Books and videos	638,437	26,981	(2,284)	663,134
Total capital assets being depreciated	<u>6,021,951</u>	<u>132,732</u>	<u>(57,342)</u>	<u>6,097,341</u>
Less accumulated depreciation for:				
Police jury:				
Land improvements	(6,065)	(800)		(6,865)
Buildings and improvements	(1,359,259)	(22,224)		(1,381,483)
Public works heavy equipment	(1,359,761)	(194,827)		(1,554,588)
Public works other equipment	(47,764)	(2,308)		(50,072)
Vehicles	(91,069)	(\$10,410)		(101,479)
Office furniture and equipment	(4,500)			(4,500)
Office of community service:				
Land improvements	(1,235)	(780)		(2,015)
Vehicles	(218,147)	(33,724)	27,253	(224,618)
Office furniture and equipment	(50,963)	(11,591)		(62,554)
Library:				
Building and improvements	(273,301)	(17,227)		(290,528)
Vehicle	(43,248)	(4,990)		(48,238)
Office furniture and equipment	(71,813)	(9,316)	27,805	(53,324)
Books and videos	<u>(469,724)</u>	<u>(127,700)</u>	<u>2,284</u>	<u>(595,140)</u>

Claiborne Parish Police Jury  
Homer, Louisiana  
Notes to the Financial Statements (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Total accumulated depreciation	(3,996,849)	(435,897)	57,342	(4,375,404)
Total capital assets being depreciated (net)	2,025,102	(303,165)	NONE	1,721,937
Total capital assets (net)	<u>\$2,092,762</u>	<u>(\$303,165)</u>	<u>NONE</u>	<u>\$1,789,597</u>

Depreciation expense for the year was charged to the following governmental functions:

	Amount
General government	\$5,249
Public safety	12,500
Public works	212,095
Health and welfare	46,820
Culture and recreation	159,233
Total	<u>\$435,897</u>

## 7. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2004:

	Capital Leases	Compensated Absences <sup>1</sup>	Total
Long-term obligations at January 1 <sup>st</sup>	\$305,133	\$21,381	\$326,514
Additions		33,405	33,405
Deductions	(82,043)	(29,829)	(111,872)
Adjustment		162	162
Long-term obligations at December 31 <sup>st</sup>	<u>\$223,090</u>	<u>\$25,119</u>	<u>\$248,209</u>

<sup>1</sup> As discussed in Note 1-F, upon separation from service employees are paid for accumulated leave at their then current rate of pay. The adjustment is for the purpose of adjusting the ending liability for ending pay rates and limitations on the hours for which an employee will be paid.

The following is a summary of future capital lease payments:

Year	Principal	Interest	Total
2005	\$60,858	\$7,907	\$68,765
2006	101,613	4,093	105,704
2007	60,619	9,227	68,327
Total	<u>\$223,090</u>	<u>\$21,227</u>	<u>\$242,796</u>



## **8. RETIREMENT SYSTEM**

Substantially all employees of the Claiborne Parish Police Jury are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the police jury are members of Plan A.

All permanent employees working at least twenty-eight hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one per cent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980, plus 3 per cent of final-average salary for each salary for each year of service credited after the revision date. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefits accrued to their date of termination. The system also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System of Louisiana, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Under Plan A, members are required by state statute to contribute 9.50 per cent of their annual covered salary and the Claiborne Parish Police Jury is required to contribute at an actuarially determined rate. The current rate is 11.75 per cent of annual covered payroll. Contributions to the system also include one-fourth of one per cent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Claiborne Parish Police Jury are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Claiborne Parish Police Jury's contributions to the System under Plan A for the years ending December 31, 2004, 2003, and 2002, were \$114,903, \$103,778, and \$71,974, respectively, equal to the required contributions for each year.

## **9. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The Claiborne Parish Police Jury does not provide continuing health care and life insurance benefits for its retired employees.

#### **10. RISK MANAGEMENT**

The police jury is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; liability; and injuries to employees and others. To handle such risk of loss, the police jury maintains commercial insurance policies covering; automobile liability and medical payments; workers compensation; general liability; and surety bond coverage on the secretary/ treasurer and other employees handling money. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts.

#### **11. LITIGATION**

At December 31, 2004, the police jury is involved in two lawsuits, the resolution of which would not materially affect the financial position of the police jury.

#### **12. COOPERATIVE ENDEAVOR**

On October 5, 1995, the jury entered into an agreement with the Louisiana Department of Public Safety and Corrections and the David Wade Correctional Center to provide a parish road site to store jury equipment and to assist the department and the correctional center in maintaining their existing roads. The jury agreed to erect an equipment yard for the storage of equipment and materials and to assist in the maintenance and construction of roads at the center when funds are available. The department and the center agreed to allow the jury to maintain the parish road site on property owned by the center and to allow the jury to place movable buildings at the site.

***Required Supplemental Information (Part II)***

## Schedule 1

Claiborne Parish Police Jury  
Homer, Louisiana  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes:				
Ad valorem	\$278,050	\$278,050	\$297,873	\$19,823
Other taxes, penalties, & interest	14,000	14,000	10,007	(3,993)
Licenses and permits	34,325	34,325	44,551	10,226
Intergovernmental revenues	1,275,000	1,275,000	1,429,088	154,088
Fees, charges, and commissions for services			6,447	6,447
Use of money and property	26,400	26,400	20,018	(6,382)
Other revenues	8,000	8,000	6,115	(1,885)
Total revenues	<u>1,635,775</u>	<u>1,635,775</u>	<u>1,814,099</u>	<u>178,324</u>
<b>Expenditures</b>				
Current:				
General government:				
Legislative	80,800	80,800	83,589	(2,789)
Judicial	104,600	104,600	141,408	(36,808)
Elections	27,050	27,050	6,754	20,296
Finance and administrative	376,230	376,230	439,635	(63,405)
Other general government			116,413	(116,413)
Public safety	110,600	110,600	150,661	(40,061)
Public works	289,000	289,000	277,585	11,415
Health and welfare	112,964	112,964	86,743	26,221
Economic development and assistance	32,163	32,163	29,433	2,730
Contingency		247,623		247,623
Total expenditures	<u>1,133,407</u>	<u>1,381,030</u>	<u>1,332,221</u>	<u>48,809</u>
<b>Excess (Deficiency) of Revenues over</b>	502,368	254,745	481,878	227,133
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	<u>(300,000)</u>	<u>(300,000)</u>	<u>(412,600)</u>	<u>(\$112,600)</u>
<b>Excess of Revenues and Other Sources Over</b>				
<b>Expenditures and other Uses</b>	202,368	(45,255)	69,278	114,533
<b>Fund Balance - Beginning</b>	<u>138,653</u>	<u>386,276</u>	<u>990,589</u>	<u>604,313</u>
<b>Fund Balance - Ending</b>	<u>\$341,021</u>	<u>\$341,021</u>	<u>\$1,059,867</u>	<u>\$718,846</u>

(Continued)

## Schedule 1

Claiborne Parish Police Jury  
Homer, Louisiana  
Parish Road Special Revenue Fund  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Taxes -				
Ad valorem	\$450,000	\$450,000	\$480,514	\$30,514
Intergovernmental revenues - state funds:				
State revenue sharing (net)	35,000	35,000	37,659	2,659
Parish transportation funds	132,000	132,000	162,500	30,500
Other			1,081	1,081
Use of money and property	3,500	3,500	2,625	(875)
Other revenues			3,355	3,355
Total revenues	<u>620,500</u>	<u>620,500</u>	<u>687,734</u>	<u>67,234</u>
<b>Expenditures</b>				
Current - Public Works:				
Personal services	895,636	895,636	660,369	235,267
Operating services	52,933	52,933	42,433	10,500
Materials and supplies	221,201	221,201	376,656	(155,455)
Capital outlay	5,000	5,000		5,000
Contingency	247,730	381,001		381,001
Total expenditures	<u>1,422,500</u>	<u>1,555,771</u>	<u>1,079,458</u>	<u>476,313</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>(802,000)</u>	<u>(935,271)</u>	<u>(391,724)</u>	<u>543,547</u>
<b>Other Financing Sources</b>				
Operating transfers in	<u>300,000</u>	<u>300,000</u>	<u>400,000</u>	<u>100,000</u>
<b>Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses</b>	<u>(502,000)</u>	<u>(635,271)</u>	<u>8,276</u>	<u>643,547</u>
<b>Fund Balance - Beginning</b>	<u>74,623</u>	<u>207,894</u>	<u>533,134</u>	<u>325,240</u>
<b>Fund Balance - Ending</b>	<u>(\$427,377)</u>	<u>(\$427,377)</u>	<u>\$541,410</u>	<u>\$968,787</u>

(Continued)

## Schedule 1

Claiborne Parish Police Jury  
Homer, Louisiana  
Library Maintenance and Sales Tax Special Revenue Funds  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2004

	Library Maintenance Fund (Culture and Recreation)			Sales Tax Fund (Public Works)		
	Budgeted Amounts		Variance With Final Budget Positive (Negative)	Budgeted Amounts		Variance With Final Budget Positive (Negative)
	Original	Final	Actual	Original	Final	Actual
<b>Revenues</b>						
Taxes:						
Ad valorem	\$400,000	\$400,000	\$427,520	\$395,051	\$395,051	\$573,718
Sales and use						
Intergovernmental:						
State:						
State revenue sharing	18,000	18,000	18,094			
Other			24,590			
Fees, charges, and commissions for services			4,849			
Fines and forfeitures			7,068			
Use of money and property	14,500	14,500	11,856	250	250	3,753
Other revenues			291			
Total revenues	432,500	432,500	494,268	395,301	395,301	577,471
						182,170
<b>Expenditures</b>						
Current:						
Personal services	316,300	316,300	240,320			
Operating services	435,700	435,700	176,357	397,469	397,469	483,942
Materials and supplies	41,000	41,000	21,486			29,903
Travel and other	4,000	4,000	1,366			
Contingency	53,500	320,782	320,782		48,069	48,069
Capital outlay	50,000	50,000	51,656			
Total expenditures	900,500	1,167,782	491,185	397,469	445,538	513,845
						(68,307)



***Other Supplemental Schedules***



## Schedule 2

Claiborne Parish Police Jury  
Homer, Louisiana  
Non-Major Governmental Funds  
Combining Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended December 31, 2004

	Special Revenue	Community Development Capital Projects Fund 589564	Total Other Governmental Funds
<b>Revenues</b>			
Taxes:			
Ad valorem	\$340,548		\$340,548
Intergovernmental revenues:			
Federal funds	689,639	\$4,319	693,958
State funds - state revenue sharing (net)	25,600		25,600
Local funds	5,550		5,550
Fees, charges, and commissions for services	93,393		93,393
Fines and forfeitures	17,458		17,458
Use of money and property	18,902		18,902
Other revenues	3,315		3,315
Total revenues	<u>1,194,405</u>	<u>4,319</u>	<u>1,198,724</u>
<b>Expenditures</b>			
Current:			
General government:			
Judicial	13,114		13,114
Other general government	264,810		264,810
Public safety	86,962		86,962
Public works	74,098		74,098
Health and welfare	701,670	4,319	705,989
Debt service	99,642		99,642
Capital outlay	81,076		81,076
Total expenditures	<u>1,321,372</u>	<u>4,319</u>	<u>1,325,691</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(126,967)</u>	<u>NONE</u>	<u>(126,967)</u>
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	12,600		12,600
Proceeds from insurance recovery	13,177		13,177
Total other financing sources (uses)	<u>25,777</u>	<u>NONE</u>	<u>25,777</u>
<b>Net Change in Fund Balances</b>	<u>(101,190)</u>	<u>NONE</u>	<u>(101,190)</u>
<b>Fund Balances - Beginning</b>	<u>1,049,327</u>	<u>NONE</u>	<u>1,049,327</u>
<b>Fund Balances - Ending</b>	<u>\$948,137</u>	<u>NONE</u>	<u>\$948,137</u>

Claiborne Parish Police Jury  
Homer, Louisiana  
Supplemental Information Schedules  
as of and for the Year Ended December 31, 2004

**Non-Major Special Revenue Funds**

**Building Maintenance Fund**

The Building Maintenance Fund is funded by an ad valorem tax and state revenue sharing funds and is used to maintain and repair parish-owned buildings, such as the courthouse, jail, police jury office, clerk of court's office, office of community services, and the parish health unit.

**Equipment Fund**

The purpose of the Equipment Fund is to purchase new equipment to maintain and construct parish roads. It is funded by ad valorem taxes and interest earned on investments.

**Juvenile Maintenance Fund**

The Juvenile Maintenance Fund accounts for court costs of ten dollars per case, assessed by the district court in criminal cases. The funds are used for the housing of juvenile offenders.

**Office of Emergency Preparedness and Homeland Security**

The Office of Emergency Preparedness and Homeland Security accounts for grants from the Federal and State governments and operating transfers from the police jury's General Fund. Funding is used to assess the parish's emergency response and security needs and then implement programs and acquire equipment to address those needs.

**Office of Community Service**

The Office of Community Service was created by the police jury on June 5, 1986. The office is responsible for providing aid and assistance to residents of the parish, primarily the poor, needy, elderly, and unemployed. Funding for the various programs is provided by grants from federal and state agencies, the police jury's General Fund, and donations from the public.

## Schedule 3

Claiborne Parish Police Jury  
Homer, Louisiana  
Non-Major Special Revenue Funds  
Combining Balance Sheet, December 31, 2004

	Building Maintenance	Equipment	Juvenile Maintenance	Office of Emergency Preparedness And Homeland Security	Office of Community Service	Total
<b>Assets</b>						
Cash and cash equivalents	\$25,624	\$50,470	\$9,366	\$4,861	\$383,468	\$473,789
Investments	36,816	120,519				157,335
Receivables	183,885	147,087	63	575	49,720	381,330
Due from other funds		3,887			22,935	26,822
Deferred charges					19,125	19,125
Total Assets	<u>\$246,325</u>	<u>\$321,963</u>	<u>\$9,429</u>	<u>\$5,436</u>	<u>\$475,248</u>	<u>\$1,058,401</u>
<b>Liabilities and Fund Equity</b>						
Liabilities:						
Accounts payable	\$30,201	\$28,351	\$950		\$2,252	\$61,754
Payroll deducts payable					15,658	15,658
Due to other funds	1,292				22,935	24,227
Accrued interest payable		3,902				3,902
Taxes paid under protest	2,741	1,982				4,723
Total Liabilities	34,234	34,235	950	NONE	40,845	110,264
Fund Equity - fund balances - unreserved - undesignated	<u>212,091</u>	<u>287,728</u>	<u>\$8,479</u>	<u>\$5,436</u>	<u>434,403</u>	<u>948,137</u>
Total Liabilities and Fund Equity	<u>\$246,325</u>	<u>\$321,963</u>	<u>\$9,429</u>	<u>\$5,436</u>	<u>\$475,248</u>	<u>\$1,058,401</u>

## Schedule 4

Claiborne Parish Police Jury  
Homer, Louisiana  
Non-Major Special Revenue Funds  
Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended December 31, 2004

	Building Maintenance	Equipment	Juvenile Maintenance	Office of Emergency Preparedness And Homeland Security	Office of Community Service	Total
<b>Revenues</b>						
Taxes - ad valorem taxes	\$189,434	\$151,114				\$340,548
Intergovernmental revenues:						
Federal funds- grants				\$71,103	\$618,536	689,639
State funds - revenue sharing	14,848	10,752				25,600
Local funds				5,550		5,550
Fees, charges, and commissions for services					93,393	93,393
Fines and forfeitures			\$17,458			17,458
Use of money and property	1,513	2,589	149	88	14,563	18,902
Other revenues		617		213	2,485	3,315
Total revenues	<u>205,795</u>	<u>165,072</u>	<u>17,607</u>	<u>76,954</u>	<u>728,977</u>	<u>1,194,405</u>
<b>Expenditures</b>						
Current:						
General government:						
Judicial			13,114			13,114
Other general government	264,810					264,810
Public safety				86,962		86,962
Public works		74,098				74,098
Health and welfare					701,670	701,670
Debt service		99,642				99,642
Capital outlay					81,076	81,076
Total expenditures	<u>264,810</u>	<u>173,740</u>	<u>13,114</u>	<u>86,962</u>	<u>782,746</u>	<u>1,321,372</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(59,015)</u>	<u>(8,668)</u>	<u>4,493</u>	<u>(10,008)</u>	<u>(53,769)</u>	<u>(126,967)</u>
<b>Other Financing Sources (Uses)</b>						
Operating transfers in				12,600		12,600
Proceeds from insurance recovery	10,750	2,427				13,177
Total other financing sources (uses)	<u>10,750</u>	<u>2,427</u>	<u>NONE</u>	<u>12,600</u>	<u>NONE</u>	<u>25,777</u>
<b>Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses</b>	<u>(48,265)</u>	<u>(6,241)</u>	<u>4,493</u>	<u>2,592</u>	<u>(53,769)</u>	<u>(101,190)</u>
<b>Fund Balances - Beginning</b>	<u>260,356</u>	<u>293,969</u>	<u>3,986</u>	<u>2,844</u>	<u>488,172</u>	<u>1,049,327</u>
<b>Fund Balances - Ending</b>	<u>\$212,091</u>	<u>\$287,728</u>	<u>\$8,479</u>	<u>\$5,436</u>	<u>\$434,403</u>	<u>\$948,137</u>

Claiborne Parish Police Jury  
Homer, Louisiana  
Supplemental Information Schedules  
As of and for the Year Ended December 31, 2004

**Office of Community Services**

The Claiborne Parish Office of Community Services is reported as a special revenue fund of Claiborne Parish Police Jury. The following schedules report the transactions of the various programs administered by the Office of Community Services. A description of the various programs is as follows:

**Regular**

The Regular program accounts for the general operations of the Office of Community Services. The program also accounts for Workforce Investment Act funds provided by the United States Department of Labor passed through the Louisiana Department of Labor and the Seventh Planning District Service Delivery Area. Additional funding is provided by local grants, interest earned on deposits, operating transfers from other programs and other miscellaneous local revenue sources.

**Community Services Block Grant Fund**

The Community Services Block Grant Fund (CSBG) accounts for funds provided by the United States Department of Health and Human Services through the Louisiana Department of Labor and are allocated to provide a range of services and activities having a measurable and potentially major impact on causes of poverty in the community.

**Energy Fund**

The Energy Fund accounts for funds provided by the United States Department of Health and Human Services through the Louisiana Department of Social Services and are allocated to assist low-income households with energy related utility fees.

**Federal Emergency Management Act Fund**

The Federal Emergency Management Act (FEMA) Fund accounts for funds provided by the Federal Emergency Management Agency. The purpose of the program is to supplement and expand ongoing efforts to provide shelter, food, and supportive services for needy families and individuals.

**Transportation Fund**

The Transportation Fund accounts for Section 18 funds which are provided by the United States Department of Transportation through the Louisiana Department of Transportation and Development and are used to provide financial assistance for public transportation in non-urbanized areas. The fund also accounts for Medical Assistance Program-Title XIX funds provided by the United States Department of Health and Human Services through the Louisiana Department of Social Services which are used to provide transportation to medical facilities for low-income and elderly persons.

**Fares Fund**

The Fares Fund accounts for fees received in the transportation program. Revenues of the fund are used to provide local matching share for purchases of transportation vehicles. The Federal share is normally provided by the Section 18 program.

#### **Section 8 Fund**

The Section 8 Fund accounts for the operations of the lower income housing assistance program whose purpose is to aid very low income families in obtaining decent, safe, and sanitary rental housing. Funding is provided by the United States Department of Housing and Urban Development.

## Schedule 5

Claiborne Parish Police Jury  
Office of Community Services  
Homer, Louisiana  
Non-Major Special Revenue Funds  
Combining Balance Sheet, December 31, 2004

	<u>Regular</u>	<u>CSBG</u>	<u>Energy</u>	<u>FEMA</u>	<u>Transportation</u>	<u>Fares</u>	<u>Section 8</u>	<u>Total</u>
<b>Assets</b>								
Cash and cash equivalents	\$256,217			\$1,509	\$59,622	\$52,499	\$13,621	\$383,468
Receivables	5,024	\$12,029	\$80		28,349	71	4,167	49,720
Due from other funds	21,651				273	1,011		22,935
Deferred charges	<u>273</u>				<u>5,232</u>	<u>13,620</u>		<u>19,125</u>
Total Assets	<u>\$283,165</u>	<u>\$12,029</u>	<u>\$80</u>	<u>\$1,509</u>	<u>\$93,476</u>	<u>\$67,201</u>	<u>\$17,788</u>	<u>\$475,248</u>
<b>Liabilities and Fund Equity</b>								
Liabilities:								
Accounts payable	\$418			\$1,509	\$325			\$2,252
Payroll deducts payable	15,658							15,658
Due to other funds	<u>1,284</u>	<u>\$12,029</u>			<u>6,533</u>		<u>\$3,089</u>	<u>22,935</u>
Total Liabilities	17,360	12,029	NONE	1,509	6,858	NONE	3,089	40,845
Fund Equity - fund balances unreserved - undesignated	<u>265,805</u>	<u>NONE</u>	<u>\$80</u>	<u>NONE</u>	<u>86,618</u>	<u>\$67,201</u>	<u>14,699</u>	<u>434,403</u>
Total Liabilities And Fund Equity	<u>\$283,165</u>	<u>\$12,029</u>	<u>\$80</u>	<u>\$1,509</u>	<u>\$93,476</u>	<u>\$67,201</u>	<u>\$17,788</u>	<u>\$475,248</u>

Claiborne Parish Police Jury  
Office of Community Services  
Homer, Louisiana  
Non-Major Special Revenue Funds  
Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
For the Year Ended December 31, 2004

	<u>Regular</u>	<u>CSBG</u>	<u>Energy</u>	<u>FEMA</u>	<u>Transportation</u>	<u>Fares</u>	<u>Section 8</u>	<u>Total</u>
<b>Revenues</b>								
Intergovernmental revenue:								
Federal grants		\$72,159	\$5,992	\$6,873	\$251,909		\$281,603	\$618,536
Fees, charges, and commissions for services	\$80,558					\$12,835		93,393
Use of money and property	13,899					522	142	14,563
Other revenues	1,911				574			2,485
Total revenues	<u>96,368</u>	<u>72,159</u>	<u>5,992</u>	<u>6,873</u>	<u>252,483</u>	<u>13,357</u>	<u>281,745</u>	<u>728,977</u>
<b>Expenditures</b>								
Current - health and welfare:								
Personal services	73,599	56,131	2,292		152,686		36,819	321,527
Operating services	15,620	13,426	2,083	6,710	48,324	38	8,884	95,085
Materials and supplies	10,432	1,200	1,389	163	19,203			32,387
Travel and other charges	6,230	1,402			1,186		243,853	252,671
Capital outlay	13,240				54,396	13,440		81,076
Total expenditures	<u>119,121</u>	<u>72,159</u>	<u>5,764</u>	<u>6,873</u>	<u>275,795</u>	<u>13,478</u>	<u>289,556</u>	<u>782,746</u>
<b>Excess (Deficiency) of</b>								
Revenues over Expenditures	<u>(22,753)</u>	<u>NONE</u>	<u>228</u>	<u>NONE</u>	<u>(23,312)</u>	<u>(121)</u>	<u>(7,811)</u>	<u>(53,769)</u>
<b>Fund Balances - Beginning</b>	<u>288,558</u>	<u>NONE</u>	<u>(148)</u>	<u>NONE</u>	<u>109,930</u>	<u>67,322</u>	<u>22,510</u>	<u>488,172</u>
<b>Fund Balances - Ending</b>	<u>\$265,805</u>	<u>NONE</u>	<u>\$80</u>	<u>NONE</u>	<u>\$86,618</u>	<u>\$67,201</u>	<u>\$14,699</u>	<u>\$434,403</u>



Claiborne Parish Police Jury  
Homer, Louisiana  
Supplemental Information Schedules  
As of and for the Year Ended December 31, 2004

**Compensation Paid Police Jurors**

The schedule of compensation paid to police jurors is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the police jurors is included in the legislative expenditures of the General Fund. In accordance with Louisiana Revised Statute-33:1233, *the police jury has elected the monthly payment method of compensation. Under this method, the president receives \$700 per month and the other jurors receive \$600 per month.*

**Schedule 7**

Claiborne Parish Police Jury  
Homer, Louisiana  
Schedule of Compensation Paid Police Jurors  
For the Year Ended December 31, 2004

	<u>District</u>	<u>Compensation</u>
Brian G. Bays	One	\$7,200
Jack Price	Two	191
Mark Furlow	Two	7,009
Weldon Kilpatrick, President	Three	8,400
Joe Sturges	Four	7,200
Bobby Liles	Five	191
W. Lavelle Penix	Five	7,009
Gene Coleman	Six	191
Scott Davidson	Six	7,009
Roy Lewis	Seven	7,200
Roy Mardis	Eight	7,200
Jerry Adkins	Nine	7,200
Willie Young, Sr.	Ten	7,200
Total		<u>\$73,200</u>

Claiborne Parish Police Jury  
Homer, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2004

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURES
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed through Office of the Governor, Division of Administration - Community Development Block Grant (States Program)	14.228	589564	4,319
Direct - Lower Income Housing Assistance - Choice Voucher Program	14.871	LA-246	281,603
Total United States Department of Housing and Urban Development			<u>285,922</u>
<b>UNITED STATES DEPARTMENT OF INTERIOR</b>			
Passed through the Louisiana Department of Treasury - In Lieu of Taxes	15.000	N/A	69,870
<b>UNITED STATES DEPARTMENT OF TRANSPORTATION</b>			
Passed through Louisiana Department of Transportation and Development:			
Public Transportation for Non-Urbanized Areas	20.509	736-99-1161	26,881
		741-99-0157	26,881
		741-14-0110	57,931
		741-14-0111	53,982
Total United States Department of Transportation			<u>165,675</u>
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>			
Direct program - Emergency Food and Shelter	83.523	22-3608-00	6,873
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed Through Louisiana Department of Social Services-Office of Family Support - Project Independence	93.558	567758	41,437
Passed Through Louisiana Housing Finance Agency - Low Income Home Energy Assistance Program	93.568	G0301LALIEA	5,992
Passed Through Louisiana Department of Labor - Community Services Block Grant	93.569	2003P0004	37,028
		2004P0004	35,131
Passed Through Louisiana Department of Social Services - Title XIX	93.778	4501356	44,797
Total United States Department of Health and Human Services			<u>164,385</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through Louisiana Department of Public Safety and Corrections State Homeland Security Grant Program	97.004	2003-TE-TX-0163	61,771
Passed through Louisiana Department of Military Affairs - Office of Homeland Security and Emergency Preparedness - State Homeland Security Grant Program II - Planning	97.053	C SHSGP-II	9,332
Total Office of Homeland Security			<u>71,103</u>
Total Federal Expenditures			<u><u>\$763,828</u></u>

NOTE: The Schedule of Expenditures of Federal Awards was prepared on the modified accrual basis of accounting.

### *Other Reports*

**Independent Auditor's Reports  
on Compliance with  
Laws, Regulations, Contracts, and Grants,  
and Internal Control**

The following independent auditor's reports on compliance with laws, regulations, contracts, and grants and internal control are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States; the U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the *Single Audit Act Amendments of 1996*; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

**Report on Compliance and Internal Control Over Financial  
Reporting Based on an Audit of Financial Statements Performed  
in Accordance *Government Auditing Standards***

MEMBER AMERICAN  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC  
ACCOUNTANTS

PRACTICE LIMITED TO  
GOVERNMENTAL  
ACCOUNTING, AUDITING  
AND FINANCIAL REPORTING

Claiborne Parish Police Jury  
Homer, Louisiana

I have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Claiborne Parish Police Jury as of and for the year ended December 31, 2004, which collectively comprise the police jury's basic financial statements and have issued my report there on dated August 26, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Claiborne Parish Police Jury's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items 04-01 and 04-02.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Claiborne Parish Police Jury's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the Claiborne Parish Police Jury's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 04-03 and 04-04.

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LOUISIANA 71418  
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Claiborne Parish Police jury  
Homer, Louisiana  
Independent Auditor's Report on Compliance  
and Internal Control Over Financial Reporting, etc.  
December 31, 2004

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I consider both of the conditions described above to be material weaknesses.

This report is intended solely for the information and use of the members of Claiborne Parish Police Jury, management of the police jury, federal awarding agencies, pass-through entities, and the Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, it is issued by the Legislative Auditor as a public document.



Columbia, Louisiana  
August 26, 2005

**Report on Compliance With Requirements  
Applicable to Each Major Program and Internal Control  
Over Compliance in Accordance With OMB Circular A-133**

**MEMBER AMERICAN  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS**

**SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC  
ACCOUNTANTS**

**PRACTICE LIMITED TO  
GOVERNMENTAL  
ACCOUNTING, AUDITING  
AND FINANCIAL REPORTING**

Claiborne Parish Police Jury  
Homer, Louisiana

**Compliance**

I have audited the compliance of Claiborne Parish Police Jury with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2004. Claiborne Parish Police Jury's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Claiborne Parish Police Jury's management. My responsibility is to express an opinion on Claiborne Parish Police Jury's compliance based on my audit.

I conducted my audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Claiborne Parish Police Jury's compliance with those requirements and performing such other procedures as I consider necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Claiborne Parish Police Jury's compliance with those requirements.

In my opinion, Claiborne Parish Police Jury complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2004. The results of my auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

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Claiborne Parish Police Jury  
Homer, Louisiana  
Independent Auditor's Report on Compliance  
With Requirements Applicable to Each Major  
Program and Internal Control Over Compliance, etc.  
December 31, 2004

### **Internal Control Over Compliance**

The management of the Claiborne Parish Police Jury is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the Claiborne Parish Police Jury's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information of the members of the Claiborne Parish Police Jury, management of the police jury, federal awarding agencies, pass-through entities, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, it is issued by the Legislative Auditor as a public document.



Columbia, Louisiana  
August 26, 2005

Claiborne Parish Police Jury  
Homer, Louisiana  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2004

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the primary government financial statements of the Claiborne Parish Police Jury.
2. Two reportable conditions relating to the audit of the financial statements are reported in the *Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting*.
3. Two instances of noncompliance material to the financial statements of the Claiborne Parish Police Jury were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance.
5. The auditor's report on compliance for the major federal award programs for the Claiborne Parish Police Jury expresses an unqualified opinion.
6. No audit findings relative to the major federal award programs for the Claiborne Parish Police Jury are reported.
7. The United States Department of Housing and Urban Development's Lower Income Housing Assistance - Choice Vouchers Program (CFDA 14.871) was tested as a major program.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The Claiborne Parish Police Jury was determined to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT****Finding 04-01 Need to Comply With Local Government Budget Act**

**Finding** - For the year 2004, the police jury failed to comply with several requirements of LSA-R.S. 39:1301 - 1315, the *Local Government Budget Act*. LSA-R.S. 39:1305 provides, among other things, that; (1) the police jury cause to be prepared a comprehensive budget presenting a complete financial plan for the general fund and each special revenue fund; (2) that the proposed budget document, prepared by the chief executive officer, shall include a budget message which includes a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features; (3) that the proposed budget include a statement for the general fund and each special revenue fund showing the estimated fund balances at the beginning of the year; estimates of all receipts and revenues to be received; revenues itemized by source; recommended expenditures itemized by agency, department, function, and character; other financing sources and uses by source and use; and the

Claiborne Parish Police Jury  
Homer, Louisiana  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2004

estimated fund balance at the end of the fiscal year; (4) that the total proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year; (5) that the adoption instrument shall define the authority of the chief executive officer of the political subdivision to make changes within various budget classifications without approval by the governing authority, as well as those powers reserved solely to the governing authority.

In addition to the above, LSA-R.S. 39:1313 requires that the chief executive officer shall retain and file certified copies of the adopted budget, budget adoption instrument, duly authorized budget amendments, and copies of supporting schedules and correspondence related to the budget at the domicile of the governing authority.

During my audit work on budgets and budgetary practices, I noted the following:

1. The police jury was presented with only a consolidated budget for their review and approval. Such a consolidated budget does not constitute a "comprehensive" budget nor does it provide a "complete financial plan" as contemplated in the statute.
2. The police jury as a whole did not receive individual statements for the general fund and each special revenue fund.
3. Some revenue/receipt items were not properly classified by source while some expenditure items were not properly classified by function and character. Further, the consolidated budget did not include any information on operating transfers to other funds although such did occur during the year and have occurred every year.
4. Proposed expenditures in two funds (Parish Road and Library Maintenance) exceeded estimated funds available by \$427,377 and \$318,339 respectively.
5. The adoption ordinance for the "consolidated" budget did not address the authority of the Sec/Treas to make changes within budget classifications nor those powers reserved solely to the police jury.
6. In addition to the above, the only information I received prior to starting my audit was the consolidated budget and proof of publication of the proposed budget and the budget hearing. I did not receive individual fund budgets and other supporting information until August, 2005, approximately 18 to 19 months after they should have been filed at the police jury office.

The police jury as a whole did not receive sufficient information to adopt a comprehensive and useful budget plan for the year. Consequently, it was not possible for them to fulfill their fiduciary responsibility to safeguard and manage their taxpayers' money. In adopting a consolidated budget rather than a detailed budget for each individual fund jurors had no way of knowing what they approving for each fund.

Claiborne Parish Police Jury  
Homer, Louisiana  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2004

**Recommendation:** The police jury should require or ensure that the requirements of the *Local Government Budget Act* be followed and that they be provided with a detailed line-item proposed budget for each fund. The budgets should be accompanied by a budget message which adequately explains the important elements of the budget and changes from the previous year with explanations. Further, the adoption ordinance must detail the secretary/treasurer's authority to make changes to the budget without police jury approval and well as powers reserved for them. The secretary/treasurer should ensure that all documents, schedules, etc. needed for preparation of the original budget and subsequent amendments are timely completed and promptly filed for future reference.

**Finding 04-02 Need to File Annual Report in a Timely Manner**

**Finding:** The police jury did not file its annual report for the year ended December 31, 2004 within the time period provided by state law. LSA-R.S. 24:513 (A)(5)(a) provides that audited financial statements of the police jury be furnished to the Legislative Auditor within six months of the police jury's year end. The annual report should have been filed no later than June 30, 2005. Because of numerous problems with the police jury's accounting records, as discussed in a subsequent finding, they were not in a condition for audit until June 25, 2005. The audit was completed and the annual report filed with the Legislative Auditor two months after the required date for filing.

**Recommendation:** The police jury must ensure that its' accounting records are complete, closed and ready for audit within a short time after its fiscal year end and that the audit is completed and filed by June 30<sup>th</sup> of the following year.

**Finding 04-03 Need to Improve Accounting Records**

**Finding:** The police jury has not maintained adequate accounting records. Proper internal control over accounting records requires that transactions be posted in a timely manner, that transactions be posted to the proper account, that accounts be reconciled routinely, and that corrective action be taken when problems or discrepancies are found. During the course of the audit the following problems were noted.

1. Several funds were out of balance, ie., debits and credits did not agree. Double entry bookkeeping requires that for every debit amount there must be an equal and balancing credit amount and vise-versa. An out of balance status indicates that this did not happen.
2. There were a very large number of posting errors in both revenue and expenditure accounts.
3. Deposits were made and not recorded in the accounting records. Further , checks were written and issued and not recorded in the accounting records. Some transactions were entered in the records twice.
4. Incorrect amounts were transferred to the accounts payable and payroll funds. All payroll checks are issued from the payroll fund while most payments to vendors, etc are issued from the accounts payable

Claiborne Parish Police Jury  
Homer, Louisiana  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2004

fund. The accounting system automatically posts expenditure accounts in the various funds and sets up the amount due to the accounts payable and payroll funds. The amounts set up were not necessarily the amounts which were transferred. It was also noted that one accounts payable run was dated and posted to fund general ledgers in December, 2004, however, the checks were not written or issued until January, 2005.

5. Some payroll checks were physically voided after they were posted as expenditures to the various funds. However, the checks were not voided in the accounting system which caused expenditures in the affected funds to be overstated and cash to be understated.
6. Proper bank reconciliations were not performed. Bank balances were adjusted for outstanding checks and deposits in transit but the adjusted balances were not compared to the funds' general ledger cash balance to ensure that the two amounts were the same.
7. Management stated that they had computer and software problems during the year, however, adequate corrective action was not taken to resolve the problems.

**Recommendation:** The finance committee should assume responsibility for the operation of the police jury's accounting function. Further, the committee should understand what information can be provided by the system and utilize that information to monitor financial activity and the police jury's adopted budget. In addition to the foregoing, I also recommend the following.

1. All funds should be checked for out of balance status each month. If such condition exist, the problem should be determined and correcting entries made to the general ledger.
2. The bookkeeper should make every effort to post transactions to the correct fund and account. Additionally, the general ledger should be reviewed monthly by someone other than the bookkeeper to ensure that transactions are properly recorded. If the problem persist, the police jury should take appropriate corrective action.
3. Proper bank reconciliations must be performed monthly. If the general ledger cash account balance does not agree with the adjusted bank balance no more entries should be made until the cause of the difference is determined and corrected.
4. Exact amounts owed to the accounts payable and payroll funds should be transferred before checks are issued. Accounts payable and payroll runs should be posted to the general ledger in the month and year that the checks are written and issued. Further, both funds should be reviewed each month to determine the purpose of any cash balances.
5. The bookkeeper should ensure that checks which are physically voided are also voided in the accounting system to correct expenditures and cash balances.

Claiborne Parish Police Jury  
 Homer, Louisiana  
 Schedule of Findings and Questioned Costs  
 For the Year Ended December 31, 2004

6. When problems are noted with the accounting system or computer system, any further entries should be halted and immediate corrective action taken.

**Finding 04-04 Need to Keep Adequate Leave Records**

**Finding:** Adequate leave records are not maintained. Internal control for annual, sick, and compensatory leave requires that adequate records be maintained for each employee sufficient to show that earned annual and sick leave agree with police jury policies and that earned compensatory time is supported by time sheets and supervisor approval. Further, all leave taken should have proper approval, be available, and be documented in the leave records. A review of compensatory time disclosed material deficiencies in record keeping. A schedule of changes in compensatory time for employees showed that of 28 employees, 14 employees took compensatory time off when leave records indicated none was available and two more employees took more leave than their records indicated they had available. Only four employees showed a beginning leave balance and only two of those showed any additions during the year. No other employees' records showed any compensatory time earned during the year. From discussions with the road superintendent, I believe the problem is more one of poor record keeping than it is employees taking compensatory time they have not earned.

During the test of payroll expenditures for the period November 8-19, 2004, annual and sick leave usage was tested. The test disclosed that two employees' leave time did not agree with their personnel file. According to the time recap sheet prepared by the road barn secretary, one employee took 8 hours of vacation, 4 hours of sick, and 2½ hours of compensatory time during the period however, the leave sheet in his personnel file indicated that he only took ½ hour of compensatory time. The time recap sheet showed that the other employee took 11½ hours of sick leave however, the leave sheet in his personnel file indicated that he 8 hours for jury duty.

It is imperative that complete, accurate, and well organized records be maintained for all leave. Poor record keeping lends itself to misunderstandings, payroll fraud, and possible violations of Article VII, Section 14 of the Louisiana Constitution which prohibits donations (ie., paying an employee for leave time he or she does not have).

**Recommendation:** The police jury's personnel committee should oversee the development of adequate and well organized leave forms, develop written procedures for maintaining those files, and specify individuals' responsibilities for the various steps in documenting and recording leave earned and taken. Further, the committee should periodically review files to determine that established policies and procedures are being followed.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL  
 AWARD PROGRAMS AUDIT**

None

**Claiborne Parish Police Jury  
Homer, Louisiana**

**Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2004**

The audit report for the year ended December 31, 2003, contained no audit findings

**MANAGEMENT'S CORRECTIVE ACTION PLAN**



Cynthia Gladney Steele  
Secretary Treasurer

Roy Lewis  
President

## Claiborne Parish Police Jury

P.O. Box 270  
Homer, Louisiana 71040  
318-927-2222 318-927-2727 fax

August 26, 2005

Mr. Vernon Coon  
477 Highway 847  
Columbia, LA 71418

### RE: Management Response to Findings of 2004 Audit

Dear Mr. Coon:

The following is the Claiborne Parish Police Jury's response and corrective plan for the findings contained in your report on the Police Jury's financial statements for the year ended December 31, 2004.

#### **Finding 04-01 Need to Comply With Local Government Budget Act**

In 2003 the finance committee and the secretary-treasurer prepared a detailed line item budget made intentionally conservative in order to avoid the practice in recent years of drawing excessively upon reserves. Our aim was to plan to spend only what we anticipated in revenue. This aim was made clear to the jury as a whole and they concurred with the meaning of such a move, the elimination for the time being of a blacktopping program, reduction in force by attrition, and no pay increases for the coming year. We mistakenly believed the summary budget which appeared as part of the proposed budget ordinance for purposes of publication in the official journal and the minutes was what was to be presented to the jury as a whole. We now understand our error and will not repeat it. We further mistakenly omitted a definition of which authority was granted to the Secretary Treasurer and which was reserved for the jury. This was an oversight. The matter was discussed, but not put to a specific vote in the jury meeting. We will not do this again. A budget message was prepared and delivered orally by the chairman of the finance committee at his request. It was not distributed to the jury in written form at that meeting, and was not referred to in the minutes, though a copy of it has been placed in the file for future reference. We will take care not to repeat such an error.

In summary, we will follow the recommendation of the auditor as outlined in the finding including strict adherence to the *Local Government Budget Act*.

#### **Finding 04-02 Need to File Annual Report in a Timely Manner**

The jury has taken the following steps to correct this situation:

Purchased and implemented a new accounting system, *QuickBooks Enterprise for Nonprofits*.

Retained the services of a contract system administrator with a degree in accounting to oversee the implementation of hardware and software including computer virus and firewall protection, setup of proper bookkeeping, record keeping, and overall accounting procedures.

Hired a bookkeeper with experience in governmental accounting including the existing computerized accounting system in order to bring 2004 records up to date. She has also audited and corrected 2005 records through June and is completing July. She will continue to follow staff as current records are entered.

Under the direction of these women the staff have received and will continue to receive additional training in approved accounting practices, office procedures and recording keeping, as well as in both the old and new accounting systems. The 2005 audit will be ready in a timely fashion. Your recommendations will be followed.

#### **Finding 04-03 Need to Improve Accounting Records**

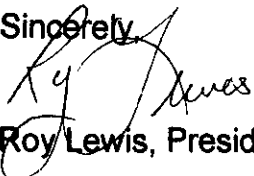
As indicated above, steps have been taken to avoid the numerous problems encountered in 2004 due to lack of training and repeated computer problems. The combination of the former secretary treasurer's untimely death and the retirement of the interim secretary treasurer added to a difficult situation made even worse by failing hardware, software, and lack of adequate computer technical support. I do carefully note the specific items to be remedied and will see that they are properly performed. The *Quickbooks* accounting system being installed will make the reports provided to the finance committee more easily understood and utilized. I believe the finance committee will provide the appropriate oversight as recommended.

#### **Finding 04-04 Need to Keep Adequate Leave Records**

Staff have already begun to remedy the leave record keeping situation by requiring written notice of time earned and leave taken by category and the keeping of that information in the personnel files. We have asked that John Bowman of Human Resources, Inc. work with them and the personnel committee to develop adequate and well organized leave forms and written procedures for maintaining those files, and to specifying individuals' responsibilities for the various steps in documenting and recording leave earned and taken. Mr. Bowman has agreed to do so. The chairman of the personnel committee has assured us he will do whatever is necessary to implement the auditor's recommendations.

Please do not hesitate to call me if you need additional information.

Sincerely,



Roy Lewis, President